FAS REPORT

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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 17-83

WASHINGTON, April 27--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

In INDIA, heavy April rains fell across the principal northwestern wheat growing areas of Punjab, Haryana, western Uttar Pradesh and Rajasthan where the crop was either in the late ripening stages or had just begun to be harvested. According to the U.S. agricultural counselor in New Delhi, some lodging of the wheat did occur; however, yield losses will be minimal as most farmers hand-harvest the crop. Since the rains, favorable weather has predominated over the affected area, enabling the crop to dry. The agricultural counselor currently estimates the 1983 wheat crop at a record 39.5 million tons, 2 percent above last year's crop.

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The U.S. agricultural counselor in Beijing now estimates the 1983 wheat crop in CHINA at a record 65.9 million tons, 5 percent above last year's crop. The increase in production is due to a 4-percent expansion in area, which is now estimated at 28.4 million hectares.

March and early April rains have been near normal in much of the North China Plain, particularly in the Henan and Shandong producing areas. Conditions have been somewhat drier north of Beijing. Satellite data analyses has shown reservoir levels and irrigation supplies to be at or above last year's levels.

OILSEEDS AND PRODUCTS

SOUTH AFRICA's Department of Agriculture reports a sharply reduced oilseed crop for 1983 as a result of a prolonged drought, the worst in 30 years. The sunflowerseed crop is expected to total only 200,000 tons, while soybean production is set at 24,000 tons and peanuts at 83,000 (inshell basis). This is below the drought-ravaged 1982 oilseed crop and less than half the level grown in more favorable years. South Africa is expected to import oilseeds or vegetable oil (largely sunflowerseed) to make up for the shortfall.

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Although WEST GERMAN prices to farmers for rapeseed have increased sharply in recent years, the German Farmers Association (DBV) has rejected the 1983/84 European Community (EC) Commission price proposals for rapeseed. The DBV claimed the proposals would result in unsatisfactory returns. It also said problems in the oilseed sector can be solved only by import restrictions (i.e. on U.S. soybeans and meal). In view of the large feed protein deficit, the Community has called for raising domestic production of protein crops during recent years, particularly rapeseed. The DBV believes that General Agreement on Tariffs and Trade (GATT) commitments allowing free importation by the EC of oilseeds and meal is the main reason for increased rapeseed expenditures by the Community. According to the DBV, a solution to this financial problem must not be sought at the expense of farmers. It can be solved only by introduction of a global fats and protein policy.

Prices paid to farmers for rapeseed in the major producing area of Schleswig-Holstein rose 12 percent from 1980 to DM 107 per 100 kilograms (U.S. $446 per ton) for the 1982 crop. During the same period, U.S. soybean prices fell 27 percent from $7.57 to $5.55 per bushel ($278 to $204 per ton).

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CANADA's early frost in 1982 has created problems in rapeseed marketing. As a result, Canada may not be able to meet commitments made to supply rapeseed oil to Algeria. The August frost severely reduced the quantity of the preferred top two grades of rapeseed. Consequently, Canada's 1982/83 rapeseed crush is expected to drop to about 800,000-850,000 tons from 945,000 tons in 1981/82. The lower crush will mean reduced oil and meal exports, as the domestic market price is still more attractive.

A 1981 Canadian/Algerian supply agreement for 300,000 tons of rapeseed oil covers the period from October 1981 through December 1984. Three time periods were specified in the agreement. In the first, between October 1981 and December 1982, Canada supplied 96,000 tons of the called for 100,000 tons; the third period, January-December 1984 also involves 100,000 tons. During calendar year 1983, Canada is committed to ship 70,000 to 100,000 tons. However, because of short supplies, Canada has informed the Algerians that no shipments will be made in the first two quarters and that only 50,000 tons will be delivered in the last half of the year. In recent years, Algeria's vegetable oil imports have grown to more than 300,000 tons per year, largely rapeseed oil and sunflowerseed oil from Argentina and the United States. The Canadian default on rapeseed oil shipments may lead to improved opportunities for U.S. exports of sunflowerseed oil to Algeria this year.

DAIRY, LIVESTOCK AND POULTRY

In the SOVIET UNION, livestock output from state and collective farms increased in the first quarter of 1983 compared with the same period in 1982. Beef and veal production from these farms was up 3 percent, pork up 6 percent and poultry up 13 percent, while sheep and goat meat production was down 2 percent. Milk and egg production was up 11 and 7 percent, respectively. Cattle, hog, and poultry numbers continued at record levels.

Based on the current output level and animal inventories (and assuming an average grain harvest), the U.S. agricultural counselor in Moscow reports that 1983 meat production could reach a record level of between 15.8 and 16.0 million tons, compared with 15.24 million tons last year. Milk production could reach 94 million tons, just short of the records in 1977 and 1978 and 4 percent above last year's 90.1 million tons.

COTTON AND FIBERS

SPAIN has approved a 15-percent increase in the farm support price for 1983/84 crop cotton. The new support level is 92.0 pesetas per kilo (30.9 cents per pound), compared with 80.0 pesetas (26.9 cents per pound) in 1982/83.

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PARAGUAY has established a mixed preferential exchange rate to encourage cotton exports. The new rate allows exchange of 37.5 percent of the value at 126 Guarani (G) per dollar, 25 percent at 160 G per dollar and 25 percent at the free market rate of about 230 G per dollar. Cotton exports are subject to an export tax of 5 G per kilogram.

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Prospects for SPAIN's 1983 cotton crop do not look favorable due to reduced irrigation supplies and an area reduction from the 51,000 hectares harvested in 1982, according to the U.S. agricultural counselor in Madrid. Spring rains, which are normally abundant in March and early April, did not begin until mid-April. Rationing of city water has already begun, or is about to begin, in Cordova, Jaen and Badajoz, provinces which account for one-third of cotton acreage. However, rains over the past weekend provided some temporary relief. The agricultural counselor has revised the 1982 Spanish cotton crop to 175,000 bales, down 20 percent from the previous estimate, reflecting prolonged drought during the growing season.

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Attempts to revive UGANDA's cotton industry are underway. The African Development Bank (ADB) has agreed to finance three new cotton gins and modernize existing facilities at a reported cost of $9.9 million. According to Uganda Cooperative Bank, the construction agreements already have been signed. Production, which averaged 350,000 bales in the early 1970's, declined to 20,000 bales in 1978. The 1982 crop is estimated at 100,000 bales, three times greater than a year earlier.

TOBACCO

ZIMBABWE's 1983 flue-cured tobacco auction opened April 6. Through April 14, prices averaged Z$1.44 (US$1.50) per kilogram compared with last year's average of Z$1.67 (US$2.21) per kilogram. The drop of one-third in the U.S. dollar equivalent price of leaf sold so far reflects Zimbabwe's recent devaluation (20 percent against the dollar), the reportedly uneven quality of the 1983 crop and weaker export demand. More than 90 percent of Zimbabwe's production is exported.

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In KENYA, domestic use of tobacco in manufacture of tobacco products in 1982 has been estimated at 4,450 tons, an increase of 5 percent above 1981. Use is currently forecast at 4,850 tons for 1983, up 8 percent. This reflects a continuing rise in consumption of cigarettes and other tobacco products, a trend that is expected to continue over the next several years.

Only small quantities of tobacco leaf and products are traded. In 1982, a total of 150 tons of tobacco leaf and products were imported and 175 tons were exported. To achieve minimum foreign exchange expenditures, efforts are being made to reduce tobacco imports even further and at same time to boost exports. Consequently, most of the anticipated rise in domestic consumption is expected to be met through increased domestic tobacco production. In its effort to achieve self-sufficiency, the government raised producer prices for tobacco 16 to 20 percent for the 1983 season.

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In NICARAGUA, the government has enacted several measures to save foreign exchange. The "non-smoking" tobacco filter is reportedly gradually being substituted for acetate filter in cigarette manufacture. Analysis of the cigarette filter, as reported by the only cigarette manufacturing firm, TANIC, suggests that tobacco filter has the same health standards as the regular filter. Currently, about 80 percent of cigarettes produced in Nicaragua reportedly have tobacco-type filters. This figure is expected to reach 85 percent in 1983. In addition to filter changes, the government is also requiring elimination of the aluminum fold inside cigarette packs and cellophane wrappers on the outside.

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GREECE's 1983 production of burley tobacco, which competes with the United States on domestic as well as foreign markets, is forecast at a record 24,750 tons (farm sales weight), according to the U.S. agricultural counselor in Athens. The 1983 burley area, estimated at 7,500 hectares, is up 2 percent from 1982. The 1983 oriental leaf crop, which accounts for most of the Greek tobacco crop, is estimated at 106,250 tons, marginally down from the 108,185 harvested in 1982.

Selected International Prices

Item	April 26, 1983		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	205.00	5.58	+1.00	201.00
U.S. No. 2 DNS/NS: 14%...	189.00	5.14	+4.00	189.00
U.S. No. 2 DHW/HW: 13.5%..	N.Q.	--	--	203.00
U.S. No. 2 S.R.W..........	159.00	4.33	+1.00	176.00
U.S. No. 3 H.A.D.........	191.00	5.20	+3.00	183.00
Canadian No. 1 A: Durum..	208.00	5.66	+4.00	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	147.00	3.73	+.50	135.00
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--	139.50
Feed Barley 3/...........	N.Q.	--	--	N.Q.
Soybeans and meal:				
U.S. No. 2 Yellow.........	257.50	7.01	+8.75	267.50
Brazil 47/48% SoyaPellets 4/	227.00	--	+3.00	N.Q.
U.S. 44% Soybean Meal.....	224.00	--	+7.50	236.00
U.S. FARM PRICES 5/				
Wheat.....................	138.14	3.76	-0-	136.69
Barley....................	83.13	1.81	+1.38	88.19
Corn......................	117.32	2.98	-.39	101.96
Sorghum...................	109.13	4.95 6/	+.66	93.92
Broilers 7/..............	918.22	--	+20.94	897.49
EC IMPORT LEVIES				
Wheat 8/................	103.10	2.81	+2.01	82.80
Barley....................	96.00	2.09	-1.17	78.70
Corn......................	77.78	1.98	+.83	87.80
Sorghum...................	72.94	1.85	-.34	87.10
Broilers 9/..............	310.00	--	+4.00 13/	273.00
EC INTERVENTION PRICES 11/				
Common wheat(feed quality)	186.58	5.08	+.97	186.65
Bread wheat..............	204.63	5.57	+1.06	214.33
Barley and all other feed grains.......	186.58	--	+.97	186.65
Broilers 12/.............	1139.00	--	+7.00	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat.....................	65.46	1.78	+2.61	64.17
Wheat flour...............	N.Q.	N.Q.	N.Q.	N.Q.
Barley....................	76.53	1.67	-.53	N.Q.
Broilers 9/..............	209.00	--	+3.00 13/	171.00
Sugar, refined 14/........	388.74	--	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Nine-city, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg to 33.15. **Reflects exchange rate change only. 12/ F.o.b price for R.T.C. whole broilers at West German border. 13/ Change from previous week generally reflects change in exchange rates. 14/ Week of April 14-20 based on a maximum subsidy of 36.639 ECU's per 100 kg. N.Q.=Not quoted. Note: Basis May delivery.

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